Market Maker Webinar

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- Forex is a manipulated market.
- Very small traders in large quantities can be a large sum of money and they provide a lot of liquidity. They trade through a retail medium.
- Often times in retail trading you are actually trading against your broker.
- Retail traders ARE hunted in the market.
- The market cannot move to it's next stage, whether it be up or down, without that liquidity.
- Liquidity is being provided by your broker so they are taking the other side of your trade.
- A discretionary manual trader will outperform any kind of electronic trader or system.
- Institutional traders and fund managers are trend following in nature and trade the macro and intermediate term trends.
- The larger funds are not day trading, they are in there for the sizable moves.
- Because of their volume, they have to be in the market where there is a large pool of liquidity.
- The central banks provide the stage for everything that goes on in the marketplace. They are the market makers. They make the price. They are the casino.
- Book reference: Larry Williams - How I Made A Million Dollars Trading Commodities
- In his early 20's ICT was making almost $20,000 a week without anyone really knowing because he was afraid to tell people. That kind of money really goes to your head.
- Chasing the idea of getting back to "even" is a poisonous thought.
- As soon as you feel like you know everything, you need to take a break in your trading. When you get that King Kong feeling you blow up.
- ICT made $830,000 from a $2,600 account.
- The same principles apply to all markets.
- When you have a bullish market that moves into a consolidation and open interest drops, that is usually a sign that the Commercial traders are covering their shorts. They are no longer hedging because they expect a rapid increase in price movement. That is how you use open interest in Commercial bull markets.
- Before every significant price move, there is a manipulation. This is the basis of the Judas Swing.
- Clean areas of support & resistance are what your mind needs to be focusing on when looking at charts. You don't need to look at OANDA's order book for this. OANDA is just a small little sample size of the liquidity that is available.
- The chart itself should be able to tell you where all the orders are.
- When resistance is broken, look for the market to find support and move higher.
- Your stop loss is your defense, you should not always be collapsing your trade before it gets to your stop loss. You can do this sometimes to reduce a loss, but don't make it a habit.
- The image below is on a 15 minute chart.



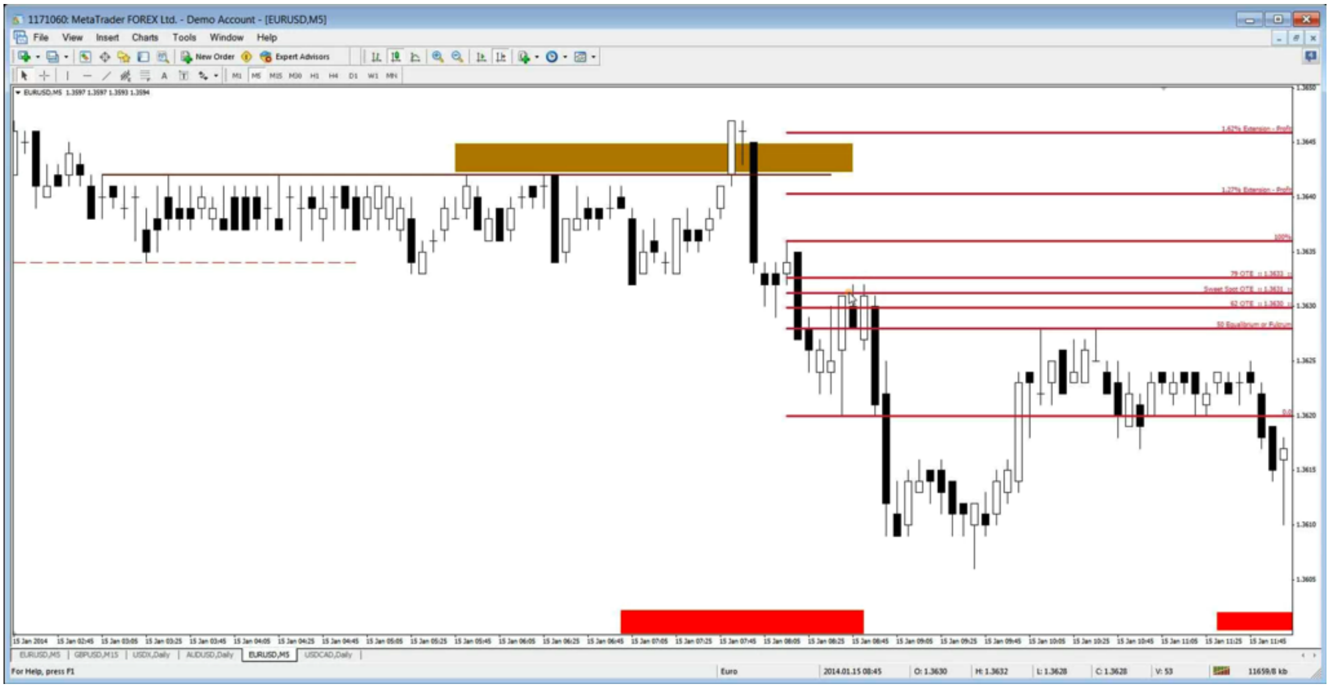
- A double top is an example of a level being too clean. A double top is crap unless it is on a higher time frame like the monthly, weekly, or daily. A double top on these time frames has a lot more credibility. If it happens on a smaller timeframe, do not buy into it. The double top sets the stage for a stop raid.
- The banks look at the daily chart.
- Most of your study time should be on a daily chart.
- Because the market has drifted lower in the image above, there are buy stops resting in the red area. These are the stop losses of the traders that are currently in profit from going short. They are in profit very short term / intraday.
- The first question you want to ask yourself is, "Who is making money right now?" The way you do this is by looking over the last 3 days.
- In the image above, the level is so clean because price flirted with it several times, but never actually breached it.
- You need to have the mindset of a central bank dealer.
- Speed is the #1 telltale sign that the move is crap and that it is a stop raid. They have to get in there and clean your clock fast, before you realize what happened.
- The speed it moves to a particular level and the time it spends at that particular level before it moves away are the main evidence that what you saw was a manipulation. It goes there fast and doesn't stay there long.
- To understand it before it happens, you need to be able to identify important highs and lows and clean levels like in the image above and anticipate them to be raided.
- You can treat any kind of range just like the Asian Range. You can look at a weekly range and still expect a stop raid to take place.
- Snapshot the OANDA order book before London Open and then around New York Open and study it over a weekend once you have a full month of data. It will start to make much more sense to you and you will know how to look for it going forward.
- "I want to figure out what is most likely to happen and then trade accordingly."
- If you haven't established your trade by 18:00 GMT then you will have to wait for another opportunity during another trading session.
- You also want to exit a trade before 18:00 GMT.
- Banks do their dealing around institutional price levels. Banks and liquidity make support & resistance.
- In the image below there is a sizable move about to take place. We can tell because the banks are clearly pairing orders around the 3680 levels. Banks were establishing positions at this level.



- What was so special about the 3680 level? I don't know, but I know it was special because price was having a difficult time getting above it.
- Price hangs around in a range because the dealers are establishing very, very large positions.
- Trading is not technical analysis, it is "who is getting screwed today?"
- All the market is doing is chasing liquidity. Wherever the liquidity rests next, that is where the market is going.
- Really focus on the daily chart because it will tell where the markets are trying to drive to on an intermediate term basis.
- You need to be looking at daily candles because previous day highs and lows, intraweek highs and lows, weekly highs and lows, and monthly highs and lows are a gangbuster for stops and liquidity.
- Who has more money, retail traders or fund managers?
- Below is an example of intraday stops being cleared out at New York open. As soon as it touches that high, because of the spread, stops will be taken out. The dealers can also widen the spreads at their choosing. This is done by dealers, not the brokers and it makes the brokers need to widen their spreads as well. That is the edge that the dealers carry.



- What is the purpose of widening the spread? They want to take more people out of the game or put them in the game on the wrong side. That is the nature of manipulation.
- You need to know where the stops are sitting because before a sizable move ensues, they will take the right players out prematurely.
- The Cable is a lot more aggressive in terms of stop raiding compared to the Fiber. It is a lot more volatile.
- A gap should be viewed as a very large bar.
- You need to look for manipulation in the USDX as well.
- Use a darker and heavier line when drawing support & resistance on the daily and 4 hour charts. You really, really want to be hunting your trading patterns when price gets to these levels.
- A swing low causes a turn in the market place. As the market moves away from that point it means that it is a major reaction level.
- A great entry is the OTE plus the spread.
- ICT never knows what the fundamental catalyst is for the moves he participates in.
- When you sit down at your charts the first thing you want to ask yourself is who has been making money in the past 3 days. The next question you ask yourself is where is price going to reach for once it raids the stops of the trader's that are currently making money.
- Look for manipulation on the daily, 4 hour, and 1 hour charts.
- An hour or less is considered quick so when it takes only an hour or less to get to an area where you suspect stops and moves away from it, then you have confirmed it was a stop run and now you can get yourself in sync on a lower time frame.
- Execute trade entries on a 5 minute time frame.
- When the move for the day starts in the Asian session it can make the London open session pretty sloppy so you should probably wait until New York open.
- Below is an example of using a stop raid on the 5 minute chart at London open to get in sync with a move that was created from a higher time frame stop raid. The raid took out the trader's that were currently making money and then moved on in their direction again:



- Below is an example of getting in that same day at New York open as it is happening and not in hind sight. The OTE is overlapping with resistance in the direction of the daily trend.



Questions to ask when you sit down at your charts:

1. Who has been making money in the past 3 days and where are their stops at?
2. Did price quickly reach their stops and then pull away? An hour or less is considered quick and then it is confirmed a stop raid. If it hangs around that level for a while then it is not a stop run.
3. What is price reaching for once those stops are raided?

- What qualifies an optimal trade entry? Price has to make it back to an order block.
- If you are expecting a down day, then any intraday rally should be seen as an opportunity to sell.
- The primo hours for London open are 7:00 - 9:00 GMT, but you can extend that out to 10:00 GMT.
- When attempting to get in sync with the daily range, you want to look for the clean swings that have conviction.

- When in a trade, if price gets below the nearest support or resistance, then we are free to move our stop to reduce risk. We can do this without taking first profits.
- 15:00 - 16:00 GMT is the prime time to be taking profits for any day trades. The daily range extreme is generally formed inside of that time window.
- When on the 5 minute chart and you are in a profitable trade, once we reach the 15:00 GMT candle, you should go back 2 candles and place your stop at the high of that candle. From there you can ride out the rest of the day and look to catch a lower low around 18:00 GMT.
- When initially risking 30 pips it will give you wiggle room, but you are not holding a 30 pip stop for the entire trade.
- The generic ADR for the Fiber and Cable is roughly 100 pips. In the example above, the ADR was 57 pips, but the previous couple days had very small ranges and large ranges come after small ranges which is why we were able to take the continuation trade.
- When you are seeing small ranges, get in there and do some homework because something is about to happen!
- You want to see the manipulation and the false break to a price level and then you wait for something else to confirm it and get in the trade.
- You need to keep your focus on what the big dogs are doing.
- ICT trades the Cable, Fiber, and every once in a while the AUD/USD.